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Global Markets Research
Daily Market Highlights

27 July: Mixed markets amid easing oil prices and tariff angst

Brent eased below $100/barrel and offered some reprieves on inflation risks
Positive July PMIs may be short-lived amid renewed geopolitical uncertainties
MAS tightened "very slightly" in anticipation of inflation pressures

- Markets traded mixed overall amid a sigh of relieves as oil slipped below $100/ barrel but the return of tariff concerns as the "grace period" of 10.0-12.5% tariffs on 60 countries under the alleged failure to prevent forced labour employment expired. Brent crude and WTI fell over 2.0% d/d each to $98.70/ barrel and $90.47/ barrel respectively on Friday. For the week, global oil prices were up 10-12% w/w. We saw further relieves this morning amid renewed hopes of a de-escalation following news on Iran-Oman talks over shipping through the Strait, and absence of fresh strikes between the US and Iran over the weekend. US stock futures advanced while Brent crude oil prices pulled back further to around $90-91/ barrel at the point of writing, after briefly touching $89.58/ barrel early this morning.
- The Dow rose 0.5% d/d on Friday but tech heavy Nasdaq fell 0.6% d/d as tech concerns continued to linger. European stocks generally closed in greens but Asian bourses settled last Friday weaker. Stoxx Eur 600 and FTSE 100 rose 0.8% and 0.9% d/d respectively, but KOSPI led losses in the Asia space (-5.7% d/d), followed by Nikkei 225 (- 2.7% d/d) and CSI300 (-1.7% d/d). The same pattern was observed on a weekly basis, mixed in the US, higher in Europe and weaker in Asia equities.
- Global sovereign bonds were mixed too. US treasuries and its European equivalent saw relief rallies. 2-year and 10-year UST yields fell 2bps d/d each to 4.33% and 4.68% respectively, after remaining under pressure for the preceding four days. Over in Europe, 10Y sovereign bond yields rose by a bigger scale of 2-7bps as at last Friday's close.
- In the FX space, the Dollar Index settled last Friday marginally higher by 0.03% d/d at 101.47, hovering at the 101-handle for the 4th consecutive day. The G10s and major Asian FX all traded mixed against the greenback. The majors namely EUR, GBP, JPY, and AUD all saw modest moves between 0-1% d/d – gains in the sterling but losses in three others. CNH and SGD appreciated 0.1% d/d each to 6.7718 and 1.2906 against the USD respectively, while MYR slipped marginally by 0.04% d/d to

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	51,947.25	0.46
S&P 500	7,411.98	0.05
NASDAQ	24,975.82	-0.64
Stoxx Eur 600	644.51	0.82
FTSE 100	10,736.23	0.91
Nikkei 225	64,611.15	-2.73
CSI 300	4,649.19	-1.67
Hang Seng	24,963.23	-0.98
Straits Times	5,588.34	0.12
KLCI 30	1,701.02	-0.79
FX		
Dollar Index	101.47	0.03
EUR/USD	1.1370	-0.06
GBP/USD	1.3325	0.08
USD/JPY	163.83	-0.02
AUD/USD	0.6979	0.14
USD/CNH	6.7718	-0.08
USD/MYR	4.0907	0.04
USD/SGD	1.2906	-0.12
USD/KHR	4,040.00	-0.02
USD/THB	33.69	-0.38
Commodities		
WTI ($/bbl)	90.47	-2.05
Brent ($/bbl)	98.70	-2.32
Gold ($/oz)	4,055.70	0.08
Copper ($/MT)	13,611.50	0.34
Aluminum($/MT)	3,165.00	-0.78
CPO (RM/MT)	4,593.00	0.02

Source: Bloomberg, HLBB Global Markets Research

4.0907 vs the greenback, but was still stronger by 0.2% w/w, the second best performing Asia FX after KRW (+1.9% w/w).

MAS tightened "very slightly" in anticipation of inflation pressure

- The Monetary Authority of Singapore (MAS), increased "very slightly" the pace of appreciation of its S$NEER policy band (previous decision: increased slightly), but left the width and center unchanged. The move was to address elevated inflation pressure amid renewed tension in the Middle East. "External price pressures are expected to persist and pass through more broadly to domestic consumer prices in the period ahead", according to the latest MAS statement.
- Sustained strength for the manufacturing sector and upward surprise from the 1H GDP print (6.0% y/y) pose upside risks to ours as well as MTI's GDP projections of 3.5% and 2-4% for 2026 barring further shocks from the geopolitical tension and energy prices. This should keep MAS on a tightening bias, but we opine that the softer than expected pick-up in headline and core inflation in June and bigger than expected pullback in retail sales for the month of May will likely see MAS staying on hold at its next quarterly monetary policy decision in October. In tandem with this, we opine that SGD is likely to weaken slightly to end the year at 1.30, from the current level of 1.29.

July PMI composites surprised on the upside spurred by business confidence and employment but may be short-lived

- Composite PMIs for all major economies namely the US, EU, UK, Japan and Australia, picked up more than expected driven by business confidence and employment. All composite PMIs are now in expansionary mode, following the rebound in the UK (52.1 vs 49.3), snapping two straight months of contraction. This was driven by a bigger than expected rebound in the services PMI (51.8 vs 48.8), and reinforced by an unexpected improvement in PMI manufacturing (52.8 vs 52.5) from the UK.
- As for other major economies, the US composite PMI picked up more than expected to 53.6 in July (Jun: 51.9), entirely shored up by the better than expected services sector which hit a 8-month high (53.6 vs 51.2. This more than offset the unexpected and marginal pullback in manufacturing (53.8 vs 53.9). Meanwhile, the improvement in the composite PMI of the Eurozone (51.9 vs 50.0) was driven by upside surprises in both manufacturing (52.0 vs 51.4) and services (51.6 vs 49.4). In Australia, the uptick in composite PMI (52.6 vs 50.4) was also broad-based from both manufacturing (51.7 vs 51.5) and services (53.0 vs 50.5). On the contrary, Japan's PMI turned in on the softer side, amid slower expansion in manufacturing (54.7 vs 54.8) and services (51.9 vs 52.2).

US Kansas City Fed services index points to an upbeat ISM print; new home sales rebounded but overall housing market remained soft

- In addition to the upbeat PMI index, other US data came in mixed. New home sales rebounded albeit less than expected by 1.6% m/m to 628k in Jun (May: -4.3% m/m upwardly revised from -7.3% m/m), driven by builder discounts which offset the higher mortgage rates. This implies continued softness in the housing market as demand remains soft and builders' discount will also suppress house prices. By region, this first increase in three months came from all regions except the West, and was led by the South region (412k vs 375k). Kansas City Fed services activity index also staged a surprised jump from 5 to 14, its highest in 4 months, largely driven by jumps in revenue/ sales (19 vs 3) and wages & benefit (29 vs 17). This, coupled with the most recent upbeat Philly Fed reading, points to a solid ISM indices due early August.

Better than expected UK retail sales and GfK consumer confidence; BOE rate pause path intact

- Retail sales softened only marginally from 1.2% m/m to 1.0% m/m in Jun, against expectations for a 0.3% m/m contraction, as the dry summer weather and World Cup spurred sales at stores while online sales also rose 1.0% m/m (May: . The resilient growth was driven by a rebound in sales at food stores (+0.3% vs -0.3% m/m), and a pick-up in textile, clothing & footwear (+1.9% vs +0.8% y/y), but were offset by slower growth in non-food stores (+0.7% vs +0.9% m/m), and renewed declines in non-specialised stores (-1.7% vs +2,3% m/m) and households goods stores (-0.6% vs +3.1% m/m). While the better than expected sales growth could be shortlived skewed by one-off factors, the less pessimism among consumers in July (-17 vs -23) is expected to continue underpin retail sales and consumer spending in the near term, albeit at a softer pace. This should keep the BOE on a continued rate pause path in the foreseeable future.

Japan CPI ticked up to 1.7% y/y as expected in June; keeping BOJ rate hike intact

- Headline and core CPI ex-fresh food ticked higher for the 2nd straight month to 1.7% and 1.6% y/y in June as expected (May: 1.5% for headline and 1.4% y/y for core). Smaller decline in energy prices (-0.1% vs -2.5% y/y) tracking the softer global oil prices and low base effect last year, rebound in utilities (0% vs -1.1% y/y), higher imported inflation amid a weaker JPY, all helped push inflation higher. This should keep the BOJ maintain a rate hike trajectory, hence no change to our house view for another 25bps hike from BOJ for the remaining of the year.

House View and Forecasts

FX	This Week	3Q-26	4Q-26	1Q-27	2Q-27
DXY	100-103	102.28	100.86	99.42	98.07
EUR/USD	1.12-1.15	1.13	1.14	1.16	1.18
GBP/USD	1.31-1.35	1.29	1.30	1.32	1.33
USD/CHF	0.80-0.82	0.81	0.81	0.80	0.79
USD/JPY	160-165	162	159	155	153
AUD/USD	0.68-0.71	0.68	0.70	0.71	0.72
NZD/USD	0.57-0.60	0.56	0.56	0.57	0.57
USD/CNY	6.76-6.80	6.85	6.78	6.72	6.65
USD/MYR	4.06-4.13	4.15	4.11	4.07	4.03
USD/SGD	1.28-1.31	1.31	1.30	1.28	1.27
USD/THB	33.00-33.80	32.50	32.30	32.0	32.0

FX	Last close	3Q-26	4Q-26	1Q-27	2Q-27
EUR/MYR	4.66	4.68	4.71	4.73	4.75
GBP/MYR	5.45	5.37	5.36	5.36	5.36
AUD/MYR	2.86	2.83	2.86	2.87	2.89
CNY/MYR	0.60	0.61	0.61	0.61	0.61
SGD/MYR	3.17	3.18	3.17	3.17	3.17

Rates, %	Current	3Q26	4Q26	1Q27	2Q27
Fed	3.50-3.75	3.50-3.75	3.50-3.75	3.50-3.75	3.50-3.75
ECB	2.25	2.50	2.50	2.50	2.50
BOE	3.75	3.75	3.75	3.75	3.75
SNB	0.00	0.00	0.00	0.00	0.00
BOJ	1.00	1.00	1.25	1.25	1.25
RBA	4.35	4.35	4.35	4.35	4.35
RBNZ	2.50	2.50	2.50	2.50	2.50
BNM	2.75	2.75	2.75	2.75	2.75

Source: HLBB Global Markets Research

Up Next

Date	Events	
27-Jul	JN PPI Services YoY (Jun)	3.30%
	CH Industrial Profits YTD YoY (Jun)	18.80%
	SI Industrial Production YoY (Jun)	13.00%
	JN Leading Index CI (May F)	116.8
	JN Coincident Index (May F)	118.5
	HK Exports YoY (Jun)	40.80%
	US Durable Goods Orders (Jun P)	-4.50%
	US Dallas Fed Manf. Activity (Jul)	0.0
28 Jul	US Advance Goods Trade Balance (Jun)	-$105.8b
	US Wholesale Inventories MoM (Jun P)	0.10%
	US FHFA House Price Index MoM (May)	-0.10%
	US S&P Cotality CS 20-City YoY NSA (May)	1.14%
	US Richmond Fed Manufact. Index (Jul)	4
	US Conf. Board Consumer Confidence (Jul)	91.2
	US Dallas Fed Services Activity (Jul)	2.9

Source: Bloomberg

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